

CORPORATE REPORT to the Community

For Fiscal Year Ending December 31, 2000, and Budget Year 2001

Building on our strengths

By Mayor Gene Winstead

Our City is in a strong financial position thanks to a healthy economy, long-range planning and prudent financial strategies. This means savings to residents through lower levies, while still providing quality City services that enhance the value of our homes, neighborhoods and community.

Building community

In November 2000, residents were polled on topics ranging from satisfaction with City services to communications and redevelopment.

The survey, conducted by Twin Cities based Leede Research, gathered resident input on how the City is performing and what measures can be taken to improve service to customers. Strengths that ranked high with residents included:

- ◆ Quality of life, including community safety and clean neighborhoods.
- ◆ Good value received for the City tax dollar paid.
- ◆ Services provided by the City.

Top bond rating

One of the highlights of 2000 was when the bond rating agency Standard & Poor's assigned the City its highest rating - AAA. Standard &

Poor's said the AAA reflects the "continued strength of the local economic base, which, along with management initiatives that include the extensive use of accumulated resources, will enable the city to reduce its debt burden over the next several years." See chart below.

Investing in our community

Planning for the future requires identifying our community's needs and determining how best to meet them.

This plan includes:

- ◆ Focusing on housing developments for the growing population of seniors.
- ◆ Investing in programs that maintain and upgrade our infrastructure, including street and sewer line repair.
- ◆ Expanding and improving our water supply to keep up with increasing demand.
- ◆ Building new facilities that protect our capital investments from degrading, such as indoor storage for snowplow equipment. See page CR8.
- ◆ Preparing for future projects such as the Mall of America's next phases and other commercial/industrial properties that are being developed so Bloomington will continue to be a viable place for new business.

- ◆ Enhancing and preserving our neighborhoods through home improvement loans provided by the City's Community Enhancement and Community Block Grant programs.

Structuring our future

The City will further address community needs by focusing on issues that concern residents most. Efforts include Police enforcement to reduce the speed of traffic in neighborhoods, inspections to enhance our community's appearance and quality Parks and Recreation programs. City services are the building blocks that structure our future. The steps we take to make services more efficient and competitive will build and strengthen our community overall. ◆

City services are the building blocks that structure our future and build our community.



Inside

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A solid foundation Our performance over the past year shows how City services strengthen our community. Page CR3.

Building blocks of the organization Highlights of each department within the General Fund. Pages CR4 and CR5.

Utilities and other funds How Bloomington's water rates compare and an overview of the Special Revenue and Enterprise Funds. Page CR6.

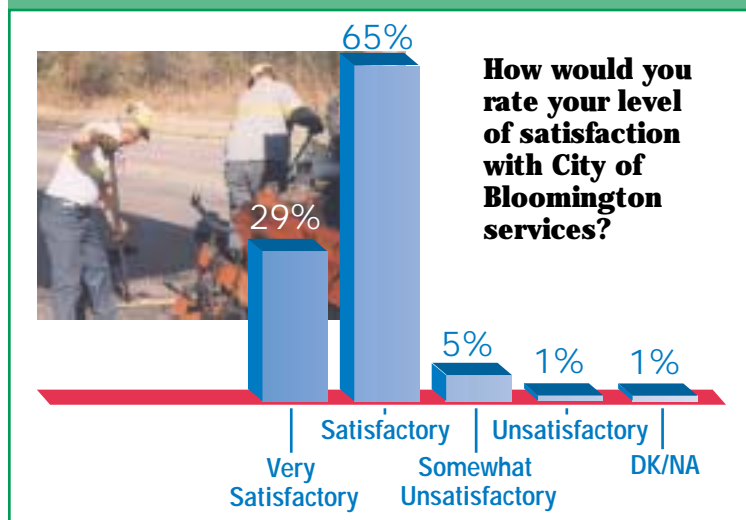
Strengthening community assets 2001 Capital Funding projects improve the City's major assets. Page CR7.

Building for the future The Airport South District improvements revitalize our community. The new City Hall/Police/Art Center Facilities and Public Works Garage are previewed. Page CR8.

GFOA Award

The Government Finance Officers Association of the United States and Canada (GFOA) has notified the City of Bloomington that it has received the Award for Outstanding Achievement in Popular Annual Financial Reporting for its popular annual financial report for the fiscal year ended December 31, 1999. This prestigious national award recognizes the City's conformance with the highest standards for preparation of state and local government popular reports. The City of Bloomington has received the Popular Report Award since 1998. The City has also received the Certificate of Excellence in Government Reporting for the past 28 years and the Distinguished Budget Award for the last four years from the GFOA. ◆

Overall, 94 percent of residents gave City services a "very satisfactory" or "satisfactory" rating.



Source: City of Bloomington Community Survey, November 2000

City among elite in bond ratings

For the first time, the bond rating agency Standard & Poor's assigned the City of Bloomington its highest rating in 2000 - AAA. The City joined the ranks of only 37 cities nationwide to achieve this rating. The City again received a top Aaa bond rating from Moody's Investor's Services of New York. The Aaa, first obtained by the City in 1998, is awarded to only the top three percent of all cities in the nation.

Strong position

Standard & Poor's said the high rating reflected the City's strong, conservatively managed financial operations and manageable debt burden. Moody's believes the City will maintain its strong financial position because of its diverse and sizable economic base, favorable debt position and heavy support from non-levy sources.

Low interest

A municipal bond rating is similar to a corporate or individual credit rating. It is used for long-term financing. The extremely high ratings are measures of the quality of the City and its ability to repay debt. This translates into interest savings because bond buyers are willing to earn the lowest interest as a tradeoff for secure debt. This ensures Bloomington's interest costs will remain as low as possible.

A healthy community

The City's excellent bond rating is a message to businesses and individuals that Bloomington is a healthy community. It also sends the signal to current and potential investors that Bloomington's financial future is strong. ◆

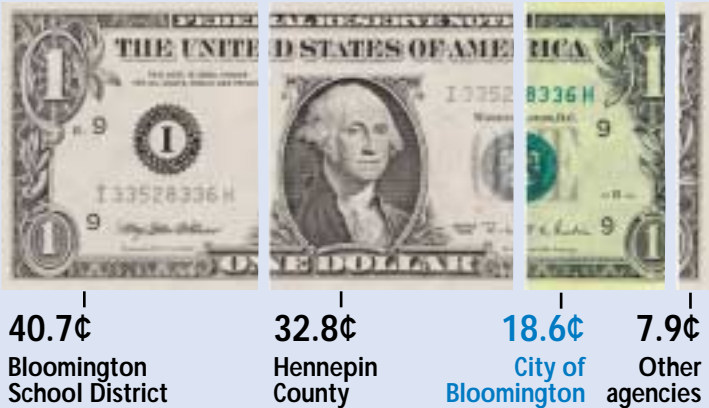


Where does my 2001 tax dollar go?

Your tax dollar is divided among several governmental entities. As shown below, for every dollar of taxes paid, only 18.6 percent pays for City services.

The actual taxes owed are based on the market value and tax classification of the property and the levy. The levy for all local governmental entities is spread across properties within the city's boundaries using tax capacity, which is a function of market value and property type. After applying Educational Aids, an average Bloomington homeowner* pays \$2,102 in property taxes. Of that, \$453, or \$37.71 per month, goes to the City. The remaining \$1,649 goes to the School District, County or other agencies. ♦

Your tax dollar (with Educational Aids applied)



What City services do my tax dollars buy?

Residents receive a variety of City services at an affordable price, including:

- ♦ **Police and fire protection.**
- ♦ **Street repair, maintenance and snowplowing.**
- ♦ **Use of city parks, playfields, playgrounds and beach areas.**
- ♦ **City Code compliance monitoring.**
- ♦ **Community planning and redevelopment.**
- ♦ **Creekside Community Center.**
- ♦ **Galaxy Youth Center.**
- ♦ **Festivals and events.**

The net property tax cost is calculated by taking departmental expenditures and subtracting all revenue sources other than the property tax. In 2001, the net budgeted cost for all property tax-supported services on an average Bloomington home* is \$37.71 per month. Other City services, such as water and sewer utilities, are fee-based. The costs for these utilities are competitively priced and remained stable in 2000.

The cost of property tax-supported City services and utilities increased by 3.9 percent for an average Bloomington home* from the previous year. The chart below breaks down the typical monthly costs for an average Bloomington home.

These services enhance our lives and provide a stable nucleus that allows the city's home values to continue to grow.

Monthly cost of City services and utilities for an average Bloomington home*

	2000	2001	Change
Property tax	\$ 35.35	\$37.71	\$ 2.36
Water†	13.51	13.51	.00
Sewer†	9.79	9.79	.00
Stormwater†	3.38	3.48	.10
Solid Waste (recycling)	1.53	1.53	.00
Total per month	\$63.56	\$66.02	\$ 2.46

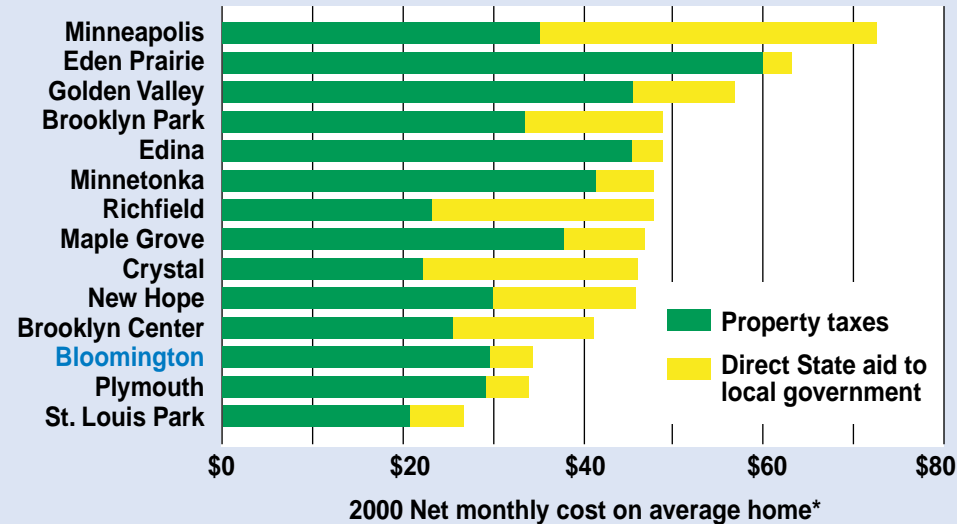
† Charges based on 7,500 gallons per month.

3.9% Increase



* Examples use an average Bloomington home with the Assessor's market value of \$157,340.

Where does Bloomington rank in a tax comparison?



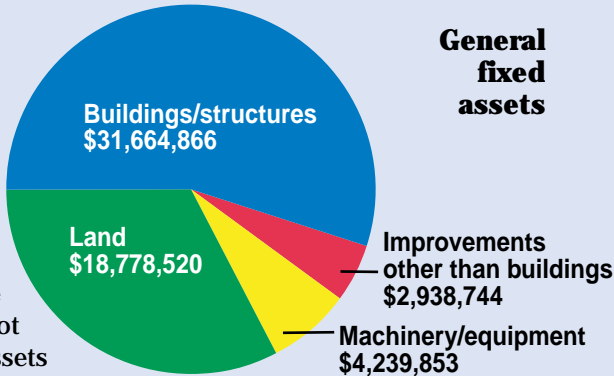
Bloomington performs well - **ranking third lowest when compared with 14 Hennepin County cities.** The total, from property taxes and State aid to local government, is the amount needed to support city operations. State aids reduce the property taxes that would otherwise be required. ♦

Source: Finance Department, based on Citizens League statistics

The City's fixed assets

The distribution of the City's general fixed assets that total \$57,621,983. A major portion of these assets is in buildings and structures.

Assets of \$66,603,007 held in the Enterprise and Internal Funds are not included here. The majority of fixed assets that are held in these funds are water, stormwater and sewer distribution systems. ♦



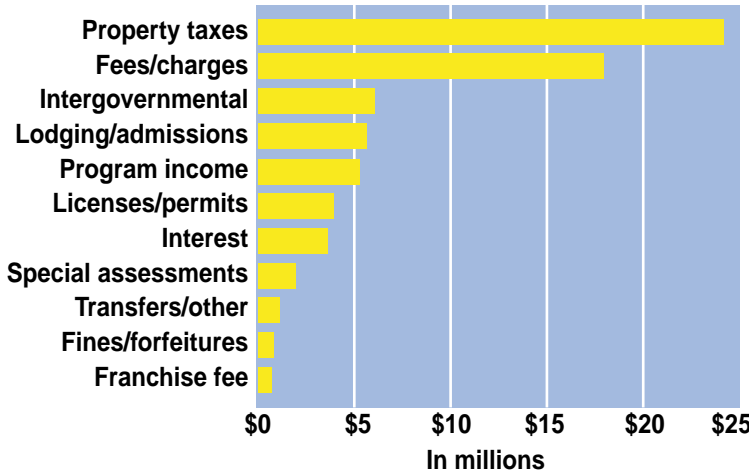
Diversification of revenue provides financial strength

Bloomington's low property tax rate is maintained by maximizing other funding sources and increasing productivity.

Property taxes constitute 34 percent of the City's operating revenue sources for 2001. Other sources include: fees/charges for utilities and recreation services, 23 percent; intergovernmental funds from grants and other aid, 15 percent; interest, 4 percent; local admission and lodging taxes, 7 percent. The remaining 17 percent is generated from program income and other sources.

By diversifying revenue, the City of Bloomington is in a strong position to withstand economic shifts. ♦

City of Bloomington operating revenue sources



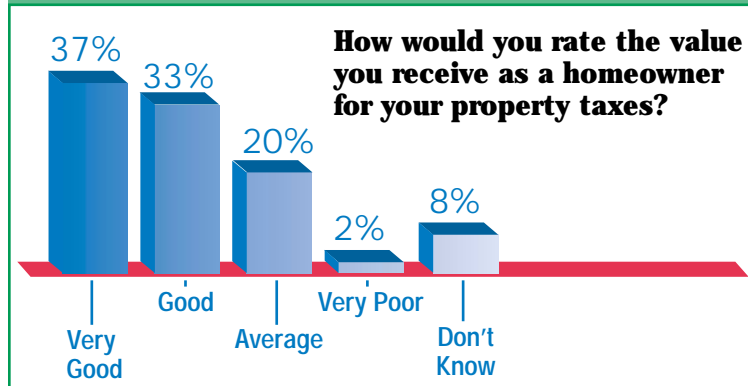
Strength in numbers – 2000 highlights

Services lay the foundation

Our City has strength in numbers – not only financially, but in the people who contribute to the on-going success of our community. These individuals provide quality services that lay the groundwork for the future. Their commitment provides a solid foundation to build upon, making the accomplishments listed here possible.

The highlights of 2000 are compared with the results of a resident survey conducted by Twin Cities based Leede Research in November 2000. ♦

In the Leede Survey, residents felt there was solid value in the City services they received for the property taxes they paid annually. As shown below, 70 percent of respondents said the quality and value of City services was “very good” or “good” for property taxes paid. ♦

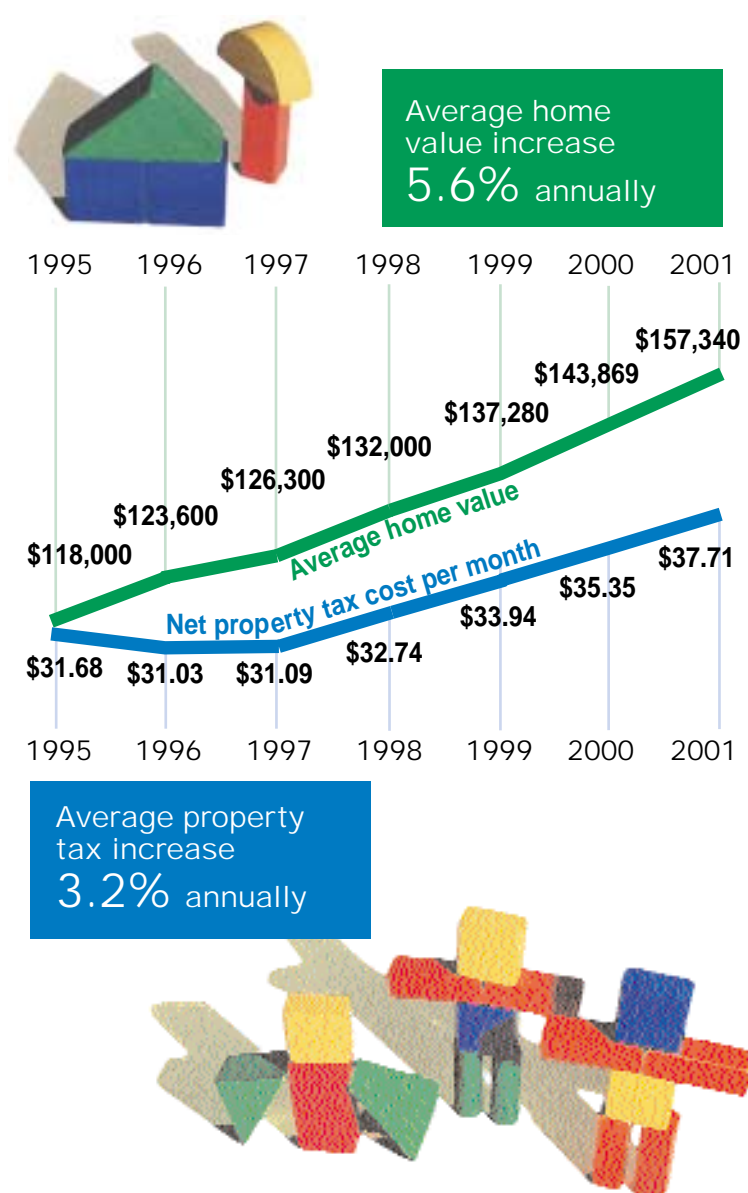


Source: City of Bloomington Community Survey, November 2000

Home values increase at higher rate than net property tax

Since 1995, the typical home in Bloomington rose in value from \$118,000 to \$157,340, an average increase of 5.6 percent per year.

In the same time period, the net property taxes for this home increased from \$31.68 to \$37.71 per month, up just 3.2 percent annually. This includes statutory changes in tax calculation that shifted taxes to residential property. ♦

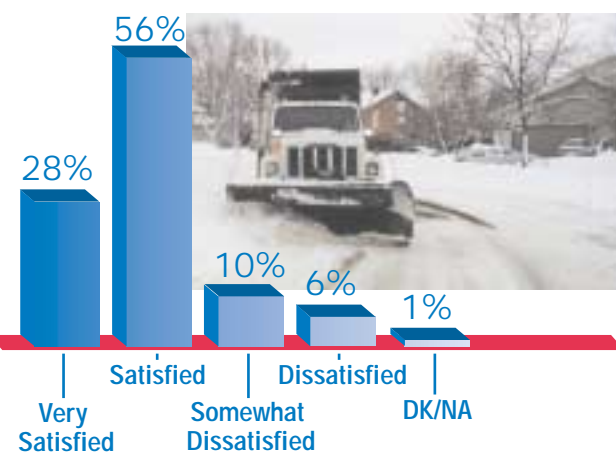


Maintaining safe driving conditions

Snowplowing can be a challenge when you consider our city received 75.8 inches of snow last winter, the ninth largest snowfall on record. Public Works crews used 1,800 tons of salt and 10,000 tons of sand to help maintain safe driving conditions on our city streets. ♦

Source: City of Bloomington Community Survey, November 2000

What is your impression of snowplowing in the city?

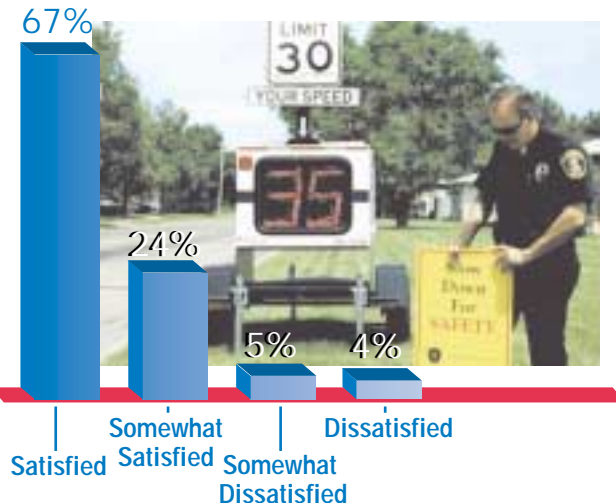


Police target traffic concerns

The Police Department initiated a traffic safety program to address the traffic volume and speeding in neighborhoods. Enforcement increased through monitoring, education and awareness efforts. In 2000, the Police received a grant to participate in the Safe and Sober campaign to further focus on safe driving habits. ♦

Source: City of Bloomington Community Survey, November 2000

How would you rate the police response to traffic concerns in your neighborhood?

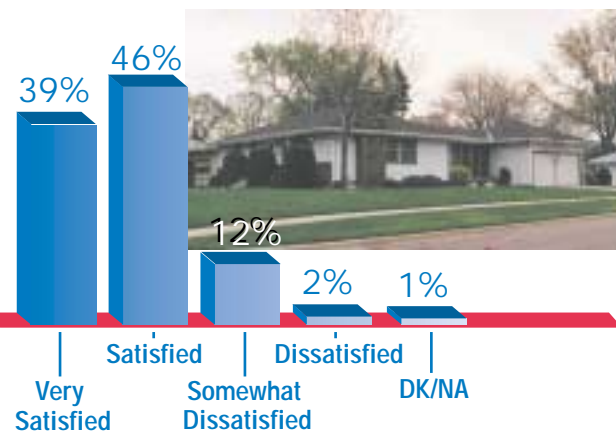


Improving neighborhood appearance

Neighborhood inspections programs are designed to reduce complaints about property violations through education. Since 1997 citizen complaints have dropped 66 percent from 1,718 in 1997 to 591 in 2000. ♦

Source: City of Bloomington Community Survey, November 2000

How would you rate neighborhood appearance in Bloomington?

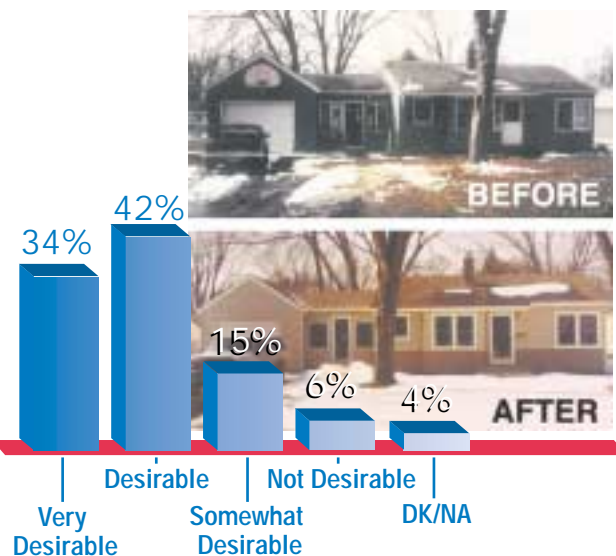


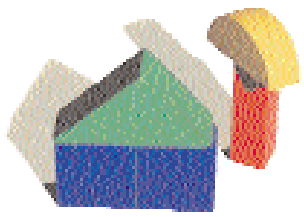
Building a better Bloomington

Through the Bloomington Housing and Redevelopment Authority (HRA) more than \$2 million is used annually to maintain quality housing in the city. This includes home improvement loans and the redevelopment of land and blighted property. Funding for these programs comes from federal, state, regional and local sources. These before and after photos are of a home bought and rehabilitated by the HRA. ♦

Source: City of Bloomington Community Survey, November 2000

As a development goal, how would you rate the improvement of existing housing in Bloomington?





The “average” Bloomington home used throughout this report, has a 2000 assessor’s market value of \$157,340, with monthly property taxes for City services of \$37.71.

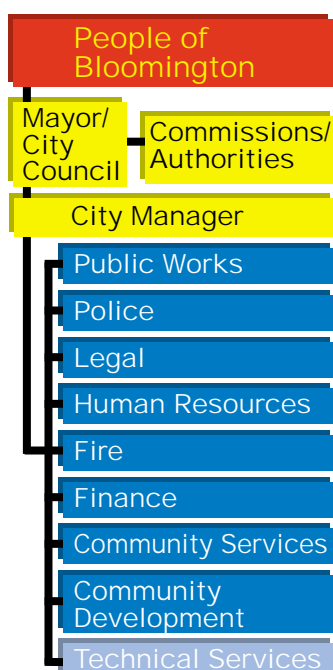


City of Bloomington organizational chart

Bloomington’s Charter provides for a council-manager government. The City Council and Mayor, elected by the people, exercise legislative power and determine all City policies.

Advisory boards and commissions gather information and advise the City Council on specific issues.

Day-to-day operations are directed by the Council-appointed City Manager. The City Manager oversees the eight departments and the Technical Services Group that carry out the services, activities and policies of the City of Bloomington.



Quality services at an affordable price

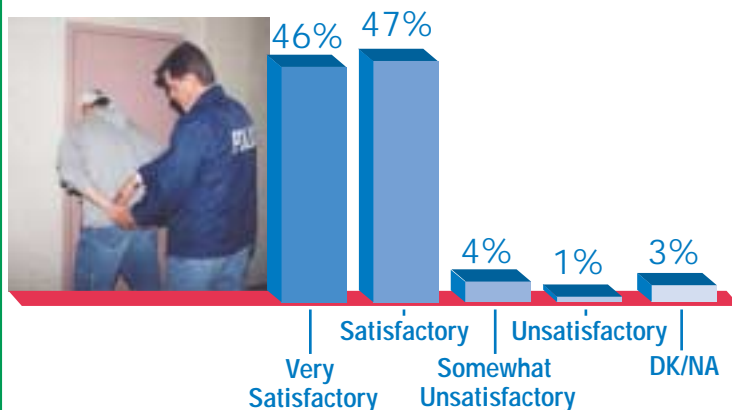
The major funds of the City of Bloomington fall into the categories of General, Enterprise, Debt Service, Capital Funding Projects, Internal Services and Special Revenue. Described in more detail on the next four pages, these funds demonstrate how quality City services provide a good value for your tax dollar.

The examples of monthly expenses for City services described on the following pages use an “average” home which has a 2000 assessor’s market value for taxes payable in 2001 of \$157,340.

The General Fund

The General Fund, which accounts for a majority of City services, is Bloomington’s primary operating fund. It uses current revenues to fulfill current expense obligations. This section contains specific information about each department within the General Fund. Expenditures were less than the budget in all 2000 General Fund operations.

The survey found 93 percent of Bloomington residents are “very satisfied” or “satisfied” with police protection in our community,



Source: City of Bloomington Community Survey, November 2000

Police

The Police Department works to make the city a safer place to live and partners with residents and businesses to address their diverse needs.

2000 highlights

- ◆ Boosted traffic control efforts with a 10 percent increase in traffic stops over 1999 - up approximately 60 percent in four years. DWI arrests and hazardous violations also increased.
- ◆ Conducted neighborhood traffic initiatives to improve awareness and commitment to traffic issues.
- ◆ Integrated the Community Resource Unit into the Patrol Division to reduce repeat calls for service at the neighborhood level.
- ◆ Expanded proactive programs such as Crime Free Multi-Housing, Neighborhood Watch Groups and a hotel/motel initiative.

Patrol is composed of 69 police officers who provide round-the-clock service and response to the community.

Services include **Investigations, Emergency Response, Drug Awareness Resistance Education (DARE), K-9, Police Training, Traffic, Police Records, Emergency Management, Police Reserve and Animal Control.**

2000 Expenditures	\$ 11,920,967
2001 Budget	\$ 12,638,057
Net property tax cost for average home per month	\$ 11.24

Council, Commissions, City Manager

Bloomington is governed by an elected, part-time City Council consisting of a mayor and six councilmembers. All legislative power is

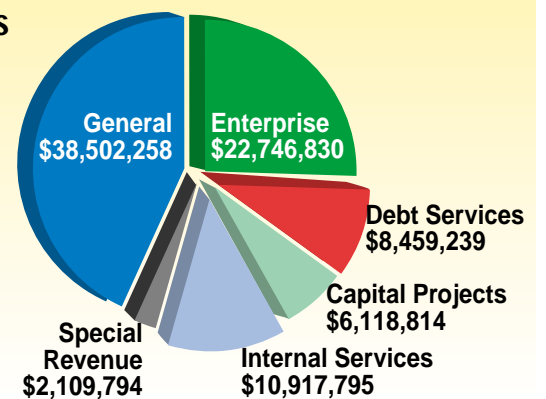
vested in this council which appoints citizens to various advisory commissions and a City Manager who is responsible for the administration of

City business. The City Manager appoints all other employees of the City and performs duties as directed by the Council.

2000 Expenditures	\$ 973,503
2001 Budget	\$ 1,036,255
Net property tax cost for average home per month	\$.98

2000 Expenditures by fund

The City of Bloomington’s expenditures for all funds totaled \$88,854,730 in 2000.



Public Works

Public Works provides safe and efficient transportation routes throughout Bloomington and maintains the City’s parks and public facilities.

2000 highlights

- ◆ Reconstructed 2.9 miles of street for \$2.1 million.
- ◆ Placed overlay on 5.6 miles of street at a cost of \$900,000.
- ◆ Installed public utilities for two subdivisions and a large commercial development.
- ◆ Secured \$12.4 million in federal funding for the Ring Route project and \$1.4 million for a pedestrian walkway/bikeway.

Maintenance maintains all City facilities, 78 parks and playgrounds and more than 368 miles of roadway.

Traffic maintains more than 4,000 street lights, 140 traffic signal systems and 10,000 signs. The division also works with residents and businesses to coordinate property access and traffic control.

Engineering supplies design and construction inspection for the city’s water supply, sanitary and storm sewer systems, streets, sidewalks and municipal facilities. The division reviews the impact construction and development projects will have on local and regional infrastructure.

Administrative Division plans, coordinates and oversees the four General Fund-supported divisions and four other enterprise-funded divisions.

2000 Expenditures	\$ 8,251,027
2001 Budget	\$ 8,467,693
Net property tax cost for average home per month	\$ 8.37

Fire

The Fire Department performs rescues, responds to fires, emergencies and hazardous materials incidents and teaches fire prevention. Firefighters responded to 1,295 calls in 2000. The typical response time, from dispatch of a call until arrival of the first engine, is 4.2 minutes.

2000 highlights

- ◆ Maintained drill attendance at 82.5 percent.
- ◆ Added 22 firefighters for a total of 153 active volunteers.
- ◆ Placed an aerial ladder into service.
- ◆ Purchased a thermal imaging unit and a rescue truck.

2000 Expenditures	\$ 2,172,072
2001 Budget	\$ 2,322,637
Net property tax cost for average home per month	\$ 2.33